

Message Text

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ORIGIN FRB-03

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04
CEA-01 (ISO) R

DRAFTED BY FRS: FRDAHL:CSR
APPROVED BY EUR/SE:EDSMITH
EUR/SE:RRDELABARRE

-----060000 092327Z /75

P R 091858Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA PRIORITY
INFO AMCONSUL ADANA
AMCONSUL ISTANBUL
AMCONSUL IZMIR

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E.O. 11652: N/A

TAGS: EFIN, TU

SUBJECT: REPORTED "SPECIAL MENTION" OF TURKEY BY FEDERAL
RESERVE BOARD

REF: ANKARA 5411

1. THE FOLLOWING STATEMENT HAS BEEN PROVIDED BY THE
FEDERAL RESERVE IN RESPONSE TO ANKARA REFTTEL 5411.

2. AS A MATTER OF POLICY, THE FEDERAL RESERVE SYSTEM DOES
NOT FORMALLY CLASSIFY OR CRITICIZE COUNTRIES FOR PURPOSES
OF ASSESSING THE QUALITY OF COMMERCIAL BANK LOAN PORTFOLIOS.
HOWEVER, INDIVIDUAL FEDERAL RESERVE EXAMINERS, BASED ON
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SUCH FACTORS AS THE QUALITY OF INFORMATION AVAILABLE TO
THEM AT THE COMMERCIAL BANK UNDER EXAMINATION, THEIR OWN
PERCEPTION OF ECONOMIC DEVELOPMENTS IN A PARTICULAR COUNTRY,
AND THE MANNER IN WHICH A LOAN IS STRUCTURED (MATURITY,
COLLATERAL, ETC.), MAY LABEL A SPECIFIC CREDIT TO A COUNTRY
AS SPECIAL MENTION OR OTHERWISE CLASSIFY IT.

3. WHEN A LOAN IS LABELED SPECIAL MENTION, THE EXAMINER IS POINTING OUT THAT WHILE THE LOAN IS CURRENTLY PROTECTED, IT EXHIBITS POTENTIAL WEAKNESS. ECONOMIC CONDITIONS ARE ONE OF THE MANY FACTORS THE EXAMINER WILL CONSIDER IN MAKING HIS DECISION. BY SO LABELING THE LOAN, THE ATTENTION OF

BANK MANAGEMENT IS DRAWN TO THAT POTENTIAL WEAKNESS SO THAT THE LOAN WILL BE FOLLOWED MORE CLOSELY.

4. WHEN EXAMINERS CLASSIFY A LOAN, IT IS CATEGORIZED AS EITHER SUBSTANDARD, DOUBTFUL, OR LOSS. A SUBSTANDARD LOAN INVOLVES MORE THAN A NORMAL CREDIT RISK DUE TO THE CURRENT FINANCIAL CONDITION OR UNFAVORABLE RECORD OF THE OBLIGOR, INSUFFICIENCY OF SECURITY, OR OTHER RELATED FACTORS. LOANS CLASSIFIED AS DOUBTFUL INCLUDE THOSE WHERE THE ULTIMATE COLLECTION IS DOUBTFUL TO THE EXTENT THAT A SUBSTANTIAL LOSS IS PROBABLE. LOANS CLASSIFIED AS LOSS ARE THOSE CONSIDERED UNCOLLECTIBLE. IT SHOULD BE NOTED THAT A DOUBTFUL OR LOSS CLASSIFICATION WOULD ONLY BE ATTACHED TO LOANS TO A COUNTRY IN RARE CIRCUMSTANCES SUCH AS DEFAULT OR NATIONALIZATION.

5. BANKS ARE NOT AUTOMATICALLY REQUIRED TO INCREASE THEIR RESERVES WHEN LOANS ARE CLASSIFIED. HOWEVER, IT IS EXPECTED THAT BANKS WILL ALLOCATE SPECIFIC RESERVES FOR LOANS CLASSIFIED DOUBTFUL AND THAT LOANS CLASSIFIED AS LOSS WILL LIMITED OFFICIAL USE

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BE CHARGED OFF.

6. CURRENTLY, FEDERAL RESERVE EXAMINERS ARE NOT CLASSIFYING OR CRITICIZING EXTENSIONS OF CREDIT TO THE TURKISH GOVERNMENT. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, INSPECTIONS, LOANS, CREDIT AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE187600
Document Source: CORE
Document Unique ID: 00
Drafter: FRDAHL:CSR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770286-1036
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770880/aaaacpvi.tel
Line Count: 99
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8d6d635f-c288-dd11-92da-001cc4696bcc
Office: ORIGIN FRB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 ANKARA 5411
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1659425
Secure: OPEN
Status: NATIVE
Subject: REPORTED "SPECIAL MENTION" OF TURKEY BY FEDERAL RESERVE BOARD
TAGS: EFIN, TU
To: ANKARA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/8d6d635f-c288-dd11-92da-001cc4696bcc
Review Markings:
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